

Free translation from Hebrew for convenience purposes only

Translated from the Hebrew original

Koor Industries Limited
Separate Financial Information
As at December 31, 2010

The information contained in these financial statements constitutes an unofficial translation of the financial statements published by the Company in Hebrew. The Hebrew version is the binding version. This translation was prepared for convenience purposes only.

Separate Financial Data at December 31, 2010

Contents

	Page
Independent Auditors' Report	2
 Financial Data:	
Financial Position Data.....	3 - 4
Statement of Income Data.....	5
Comprehensive Income Data	6
Cash Flows Data	7 - 8
Supplementary Information to the Separate Financial Data	9 - 21



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To:

The shareholders of Koor Industries Ltd

Subject: Special auditors' report on separate financial data according to Regulation 9C of the Securities Regulations (Periodic and Immediate Reports) – 1970

We have audited the separate financial data presented in accordance with Regulation 9C of the Securities Regulations (Periodic and Immediate Reports) – 1970 of Koor Industries Ltd. (hereinafter – the Company) as at December 31, 2010 and 2009 and for each of the three years, the last of which ended December 31, 2010, which are included in the Company's periodic report. The separate financial data are the responsibility of the Company's Board of Directors and of its Management. Our responsibility is to express an opinion on the separate financial data based on our audits.

We did not audit the financial statements of equity accounted investees the investment in which amounted to NIS 224,269 thousand and NIS 250,711 thousand as of December 31, 2010 and 2009, respectively, and the Group's share in their profits amounted to NIS 96,600 thousand, NIS 13,813 thousand and NIS 41,748 thousand for the years ended December 31, 2010, 2009 and 2008, respectively. The financial statements of those companies were audited by other auditors whose reports thereon were furnished to us, and our opinion, insofar as it relates to amounts emanating from the financial statements of such companies, is based solely on the reports of the other auditors.

We conducted our audits in accordance with generally accepted auditing standards in Israel. Such standards require that we plan and perform the audit to obtain reasonable assurance that the financial data are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the separate financial data. An audit also includes assessing the accounting principles that were used in preparing the separate financial data and the significant estimates made by the Board of Directors and by Management, as well as evaluating the separate financial data presentation. We believe that our audits and the reports of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and on the reports of the abovementioned other auditors, the separate financial data has been prepared, in all material respects, in accordance with Regulation 9C of the Securities Regulations (Periodic and Immediate Reports) - 1970.

Somekh Chaikin
Certified Public Accountants (Isr.)

March 17, 2011

Separate Financial Data as at December 31, 2010

Financial Position Data

	Supplementary information	December 31	
		2010	2009
		NIS thousands	NIS thousands
Assets			
Current assets			
Cash and cash equivalents	(3)	553,800	1,136,391
Short-term deposits and investments including financial derivatives	(4)	69,860	50,501
Other receivables	(4)	4,159	2,313
Assets held for sale		-	16,655
		627,819	1,205,860
Long-term investments			
Balance for investees		3,840,066	5,438,419
Assets available for sale	(4)	93,853	887,803
Pledged assets available for sale	(4)	1,193,423	745,457
Other investments and pledged deposits	(4)	113,091	8,320
Loans to investees	(4)	388,527	185,244
		5,628,960	7,265,243
Investment property		70,900	61,800
Fixed assets		762	763
Total assets		6,328,441	8,533,666

The accompanying supplementary information is an integral part of the separate financial data.

Separate Financial Data as at December 31, 2010

Financial Position Data

	Supplementary information	December 31	
		2010 NIS thousands	2009 NIS thousands
Liabilities			
Current liabilities			
Current maturity of debentures	(4)	153,094	456,438
Trade payables	(4)	2,008	1,107
Other payables and credit balances	(4)	306,662	144,583
Financial derivatives	(4)	121,176	3,637
Provisions		500	700
		<u>583,440</u>	<u>606,465</u>
Long-term liabilities			
Liabilities to banks	(4)	780,203	359,968
Debentures	(4)	2,006,449	2,126,247
Capital note from subsidiary	(4)	6,382	6,382
Other liabilities	(4)	-	876
Deferred tax liabilities	(5)	-	80,100
Employee benefits		889	1,081
Liability for options to investors		-	4
		<u>2,793,923</u>	<u>2,574,658</u>
Equity			
Share capital		564,546	564,546
Premium on shares		3,904,575	3,904,575
Treasury shares		(6,071)	(6,071)
Reserves		(1,759,954)	(156,803)
Retained earnings		247,982	1,046,296
		<u>2,951,078</u>	<u>5,352,543</u>
Total equity attributed to holders of the Company		<u>2,951,078</u>	<u>5,352,543</u>
Total liabilities and equity		<u>6,328,441</u>	<u>8,533,666</u>

Ami Erel
Chairman of the Board of Directors

Raanan Cohen
Chief Executive Officer

Oren Hillinger
Chief Financial Officer

Approval date of financial statements: March 17, 2011

The accompanying supplementary information is an integral part of the separate financial data.

Separate Financial Data as at December 31, 2010

Statement of Income Data

	Year ended December 31		
	2010	2009	2008
	NIS thousands	NIS thousands	NIS thousands
Revenues			
Revenues from rental fees	6,928	6,660	7,307
Koor's equity in the earnings of investees	50,202	(*) 877,515	(*) 394,498
Gain from realization and dividend on securities available for sale	74,684	1,641,790	574,523
Other income	9,366	21,486	51,202
Management fee and financing income from investees	14,639	4,093	10,096
Financing income	21,581	30,065	110,988
	177,400	2,581,609	1,148,614
Expenses			
General and administrative expenses	43,200	54,439	41,769
Koor's equity in the losses of investees	344,818	(*) 76,749	(*) 169,854
Other expenses	16,903	8,259	4,628
Financing expenses	279,569	283,331	694,767
	684,490	422,778	911,018
Earnings (loss) before income tax	(507,090)	2,158,831	237,596
Income tax	(29,194)	6,872	-
Earnings (loss) for the year attributed to the holders of the Company	(536,284)	2,165,703	237,596

(*) Reclassified – see Note 2(G) to the consolidated financial statements.

The accompanying supplementary information is an integral part of the separate financial data.

Separate Financial Data as at December 31, 2010

Comprehensive Income Data

	Year ended December 31		
	2010	2009	2008
	NIS thousands	NIS thousands	NIS thousands
Earnings (loss) for the year attributed to holders of the Company	(536,284)	2,165,703	237,596
Components of other comprehensive income (comprehensive loss):			
Foreign currency translation differences from foreign operations	(80,257)	2,153	(14,959)
Foreign currency translation differences from foreign operations recognized in income/loss	4,347	1,078	643
Net change in fair value of financial assets available for sale, net of tax	(273,740)	1,914,956	176,576
Net change in fair value of financial assets available for sale recognized in statement of income, net of tax	-	(1,207,667)	(419,402)
Impairment loss on financial assets available for sale, recognized in statement of income	2,717	-	-
Actuarial gains (losses) from defined benefits plan	(295)	533	(680)
Koor's equity in comprehensive loss of investees, net of tax	(1,247,996)	(387,528)	(12,574)
Total comprehensive income (comprehensive loss) for the year attributed to holders of the Company	(2,131,508)	2,489,228	(32,800)

The accompanying supplementary information is an integral part of the separate financial data.

Separate Financial Data as at December 31, 2010

Cash Flows Data

	Year ended December 31		
	2010	2009	2008
	NIS thousands	NIS thousands	NIS thousands
Cash flows generated by operating activities			
Earnings (loss) for the year	(536,284)	2,165,703	237,596
Adjustments:			
Financing costs, net	121,767	189,103	447,355
Koor's equity in results of investees, net	294,616	(800,766)	(224,644)
Dividend received from investees and from securities available for sale	98,143	77,702	188,320
Depreciation and amortization	47	73	189
Increase (decrease) in employee benefits, net	(487)	502	(68)
Income tax expenses (savings)	29,194	(6,872)	-
Revaluation of investment property	(9,100)	(1,339)	(2,000)
Capital losses (gains) from realization of, net and dividends:			
Fixed assets	-	(7)	73
Investment in investees and securities available for sale	(69,860)	(1,637,688)	(623,230)
Revaluation and linkage of reserve for amortization of debenture discounts and revaluation of liabilities for options	27,827	57,088	15,025
Linkage of loan principals and other long-term liabilities	16,199	16,669	63,213
Devaluation (Revaluation) of properties and investments, deposits and loans receivable	89,750	(9,744)	60,214
Decrease (increase) in other receivables and debit balances	262	(704)	3,927
Decrease in trade and other payables and credit balances	(9,162)	(14,628)	(587)
Income tax paid	(7,614)	-	-
	45,298	35,092	165,383
Adjustments to operating activities for transactions with investees	(1,845)	2,116	16,637
Net cash inflows generated by operating activities	43,453	37,208	182,020
Cash flows generated by investing activities			
Purchase of fixed assets	(44)	(35)	(31)
Proceeds from realization of investments in available for sale securities, investees and other	-	5,451,169	4,575,915
Proceeds from sale of fixed assets and investment properties	-	22,075	-
Proceeds from sale of assets held for sale	16,178	-	-
Investment in available for sale securities and in affiliates and other	(280,700)	(854,396)	(8,439,131)
Increase in pledged deposits, net	(97,375)	-	-
Decrease (increase) in short-term deposits and investments, net	(9,363)	(25,877)	382,157
Cash flows from settlement (to settlement) of derivatives	30,789	(*) (22,489)	-
Interest received	5,152	5,686	55,858
	(335,363)	4,576,133	(3,425,232)
Net cash inflows (outflows) generated by investing activities with investees	12,230	(1,873,762)	(99,878)
Net cash inflows (outflows) generated by investing activities	(323,133)	2,702,371	(3,525,110)

(*) Reclassified. See Note 2(G) to the consolidated financial statements.

Separate Financial Data as at December 31, 2010

The accompanying supplementary information is an integral part of the separate financial data.

Separate Financial Data as at December 31, 2010

Cash Flows Data (cont.)

	Year ended December 31		
	2010	2009	2008
	NIS thousands	NIS thousands	NIS thousands
Cash flows generated by financing activities			
Net proceeds from issuance of shares	-	-	1,659,584
Net proceeds from issuance of debentures	-	819,438	-
Dividend distribution	(269,957)	(792,315)	-
Interest paid	(140,324)	(119,971)	(151,623)
Cash flows from settlement of derivatives	787	(*) 10,839	13,571
Long-term loans and other liabilities received	945,932	-	158,000
Long-term loans, debentures and other liabilities repaid	(999,871)	(1,184,105)	(310,771)
Increase (decrease) in credit from banks and others, net	2,791	(583,619)	787,718
	(460,642)	(1,849,733)	2,156,479
Net cash inflows (outflows) generated by financing activities with investees	158,466	(7,890)	-
Net cash inflows (outflows) generated by financing activities	(302,176)	(1,857,623)	2,156,479
Change in cash and cash equivalents	(581,856)	881,956	(1,186,611)
Cash and cash equivalents – beginning of period	1,136,391	256,612	1,689,139
Effect of fluctuations in exchange rate on balances of cash and cash equivalents	(735)	(2,177)	(245,916)
Cash and cash equivalents – end of period	553,800	1,136,391	256,612

(*) Reclassified. See Note 2(G) to the consolidated financial statements.

The accompanying supplementary information is an integral part of the separate financial data.

Supplementary Information

1. General

Presented below are financial data from the Group's consolidated financial statements as at December 31, 2010 ("consolidated financial statements"), published as part of the periodic reports, pertaining to the Company alone ("separate financial data"), presented in accordance with Regulation 9C ("the Regulation") and the tenth addendum to the Securities Regulations (Periodic and Immediate Reports) – 2010 ("the Tenth Addendum") regarding the separate financial information of the corporation.

In this separate financial information –

- (1) The Company – Koor Industries Ltd.
- (2) Subsidiaries – companies, including partnerships, whose financial statements are consolidated in full, directly or indirectly, with the Company's financial statements.
- (3) Investees – subsidiaries and companies, including partnerships, the investment in which is included, directly or indirectly, in the financial statements on the basis of equity value.

2. Significant accounting policies applied in the separate financial information

The accounting policies detailed in the consolidated financial statements were applied consistently, in all of the periods presented, in the separate financial information of the Company, including the manner in which the financial data were classified in the consolidated financial statements, with the requisite changes from that provided below:

A. Presentation of financial data

(1) Financial position data

These data include information on the asset and liability amounts included in the consolidated financial statements relating to the Company alone (except for investees), in a breakdown according to type of asset and liability. Also included within the scope of these data is information on the net amount, attributed to the holders of the Company alone, of the total assets net of total liabilities for the investees, including goodwill, based on the consolidated financial statements.

(2) Comprehensive income data

These data include information on the revenue and expense amounts included in the consolidated financial statements, in a breakdown between income or loss and other comprehensive income, attributed to the Company alone (except for investees), with details according to type of revenue and expense. The data also include information on the net amount, attributed to the holders of the Company alone, of total revenues net of total expenses for the operating results of investees, including impairment of an investment in an affiliate or its reversal, based on the consolidated financial statements.

(3) Cash flows data

These data include details of the cash flow amounts included in the consolidated financial statements attributed to the Company alone (except for investees), taken from the consolidated statement of cash flows, in a breakdown into cash flows from operating activities, investing activities and financing activities, while detailing their components. Cash flows from operating activities, investing activities and financing activities from transactions with investees are presented separate, on a net basis, within the related activity, based on the substance of the transaction.

Supplementary Information (cont.)**2. Significant accounting policies applied in the separate financial information (cont.)****B. Transactions between the Company and investees****(1) Presentation**

Reciprocal Group balances and revenues and expenses deriving from intercompany transactions, which were eliminated upon preparation of the consolidated financial statements, were presented separately from the balance for investees and the earnings from investees, together with similar balances opposite third parties.

Unrealized income and losses deriving from transactions between the Company and its investees were presented within the balance for investees and earnings from investees.

(2) Measurement

Transactions effected between the Company and its subsidiaries were measured based on the recognition and measurement principles prescribed in International Financial Reporting Standards ("IFRS"), which outline the accounting treatment for such transactions effected opposite third parties.

3. Cash and cash equivalents

Composition according to linkage basis:

	December 31	
	2010	2009
	NIS thousands	NIS thousands
Unlinked NIS	351,615	696,581
Linked to US dollar	25,146	213,507
Linked to Swiss franc	177,022	226,303
Linked to euro	17	-
Total cash and cash equivalents	553,800	1,136,391

4. Financial instruments**A. Receivables (includes for subsidiaries)**

Composition according to linkage basis:

	December 31	
	2010	2009
	NIS thousands	NIS thousands
Unlinked NIS	3,489	691
Linked to CPI	-	592
Linked to US dollar	-	185
Linked to Swiss franc	8	-
	3,497	1,468

Separate Financial Data as at December 31, 2010

Supplementary Information (cont.)**4. Financial instruments (cont.)****B. Other investments****1. Breakdown according to category of financial assets**

	December 31	
	2010	2009
	NIS thousands	NIS thousands
Current investments		
Investments designated as fair value through income/loss	69,860	44,034
Derivatives not recognized as accounting hedge	-	6,467
	69,860	50,501
Non-current investments		
Financial assets available for sale	93,853	887,803
Pledged financial assets available for sale	1,193,423	745,457
	1,287,276	1,633,260
Other investments		
Financial assets designated as fair value through income/loss	8,210	7,895
Pledged deposits	98,682	-
Funded employee benefits deposited with related party	396	425
Long-term debit balances	5,803	-
	113,091	8,320
	1,470,227	1,692,081

2. Details on linkage**(1) Financial assets measured at fair value through income/loss, except for derivatives (*)**

	December 31, 2010			Total NIS thousands
	Non-monetary financial instruments	Monetary financial instruments		
		Unlinked NIS	CPI-linked NIS	
Financial assets designated at fair value through income/loss:				
Marketable shares	23,740	-	-	23,740
Non-marketable shares	101	-	-	101
Government bonds	-	8,114	4,395	12,509
Investment in certificates of participation in mutual funds and ETF's	33,611	-	-	33,611
Total financial assets designated at fair value through income/loss	57,452	8,114	4,395	69,961

(*) For information on the Group's derivative financial instruments, see Par(G) below.

Separate Financial Data as at December 31, 2010

Supplementary Information (cont.)**4. Financial instruments (cont.)****B. Other investments (cont.)****2. Details on linkage (cont.)****(1) Financial assets measured at fair value through income/loss, except for derivatives (*) (cont.)**

	December 31, 2009			
	Non-monetary financial instruments	Monetary financial instruments		
		Unlinked NIS	CPI-linked NIS	Total NIS thousands
Financial assets designated at fair value through income/loss:				
Marketable shares	9,848	-	-	9,848
Non-marketable shares	101	-	-	101
Government bonds	-	6,165	7,228	13,393
Investment in certificates of participation in mutual funds and ETF's	20,793	-	-	20,793
Total financial assets designated at fair value through income/loss	30,742	6,165	7,228	44,135

(2) Financial assets available for sale

	Non-monetary financial instruments	
	December 31	
	2010	2009
	NIS thousands	NIS thousands
Marketable shares (pledged and not pledged)	1,193,423	1,544,289
Non-marketable shares	93,853	88,971
	1,287,276	1,633,260

(3) Loans and receivables

	December 31, 2010		December 31, 2009	
	Effective Interest rate	Total	Effective Interest rate	Total
	NIS thousands		NIS thousands	
Long-term debit balance – dollar-linked	-	5,803	-	-
Pledged deposits – denominated in Swiss francs	0.11%	98,682	-	-
		104,485		-

Separate Financial Data as at December 31, 2010

Supplementary Information (cont.)**4. Financial instruments (cont.)****C. Loans to investees**

Composition according to linkage:

	<u>Years to maturity</u>	<u>Stated interest</u> %	<u>December 31</u>	
			<u>2010</u> NIS thousands	<u>2009</u> NIS thousands
Unlinked NIS	No maturity date	-	139,303	139,303
Unlinked NIS	No maturity date	3%	3,907	-
CPI-linked	No maturity date	-	20,854	23,229
CPI-linked	No maturity date	3.3%	3,653	3,537
Dollar-linked	3	Libor + 3.5%	8,292	4,946
Dollar-linked	No maturity date	-	13,484	14,229
Dollar-linked	10	Libor + 5%	38,672	-
Dollar-linked	10	8%	160,362	-
			<u>388,527</u>	<u>185,244</u>

D. Loans and credit

This item provides information on the contractual terms of interest-bearing loans and credit of the Company, measured at amortized cost.

1. Composition of loans

	<u>December 31</u>	
	<u>2010</u> NIS thousands	<u>2009</u> NIS thousands
<u>Current liabilities</u>		
Current maturity of debenture	153,094	456,438
Total current liabilities	<u>153,094</u>	<u>456,438</u>
<u>Non-current liabilities</u>		
Debentures	2,159,543	2,582,685
Loans from banks	780,203	359,968
Less – current maturity	(153,094)	(456,438)
	<u>2,786,652</u>	<u>2,486,215</u>
Loans and liabilities from others:		
Capital note from subsidiary	6,382	6,382
Total non-current liabilities	<u>2,793,034</u>	<u>2,492,597</u>

Separate Financial Data as at December 31, 2010

Supplementary Information (cont.)**4. Financial instruments (cont.)****D. Loans and credit (cont.)****2. Information regarding interest and linkage**

	Currency	Stated Interest %	December 31			
			2010		2009	
			Par value	Carrying value	Par value	Carrying value
NIS thousands						
Debentures	CPI	5.1%	1,194,568	1,349,393	1,594,568	1,778,492
Debentures	Unlinked NIS	6.7%-7.2%	823,603	810,150	823,603	804,193
Loans from banks	Swiss franc	Libor+1.7%-2.6%	780,203	780,203	364,588	359,968
Capital note from subsidiary	NIS	-	6,382	6,382	6,382	6,382
Total non-current liabilities (includes current maturity)			2,804,756	2,946,128	2,789,141	2,949,035

E. Trade and other payables (including financial derivatives)

	December 31, 2010				Total
	Unlinked NIS	CPI - linked NIS	Denominated in or linked to US dollar NIS thousands	Denominated in or linked to Swiss franc	
Trade payables	1,994	-	14	-	2,008
Payables and credit balances (including subsidiaries)	193,333	24,596	12,039	120,450	350,418
	195,327	24,596	12,053	120,450	352,426

	December 31, 2009				Total
	Unlinked NIS	CPI - linked NIS	Denominated in or linked to US dollar NIS thousands	Denominated in or linked to Swiss franc	
Trade payables	1,107	-	-	-	1,107
Payables and credit balances (including subsidiaries)	49,206	25,371	6,331	387	81,295
	50,313	25,371	6,331	387	82,402

Separate Financial Data as at December 31, 2010

Supplementary Information (cont.)**(2) Financial instruments (cont.)****F. Liquidity risk**

Presented below are the contractual maturity dates of the financial liabilities, including estimates of interest payments. This disclosure does not include amounts for which there are offset agreements.

	December 31, 2010							
	Carrying value(*)	Total contractual cash flows (**)	First year	Second year	Third year	Fourth year	Fifth year	Sixth year and thereafter
NIS thousands								
Non-derivative financial liabilities								
Trade payables	2,008	2,008	2,008	-	-	-	-	-
Other payables and current liabilities	189,050	189,050	189,050	-	-	-	-	-
Debentures	2,198,633	2,583,168	271,742	539,032	514,417	489,801	465,185	302,991
Long-term bank loans	781,305	832,710	20,325	20,325	792,060	-	-	-
Other long-term liabilities	6,382	6,382	-	-	-	-	-	6,382
Financial liabilities – derivative instruments								
Forward contracts on CPI	1,828	1,828	1,828	-	-	-	-	-
Options on exchange rates	119,348	119,348	119,348	-	-	-	-	-
Total	<u>3,298,554</u>	<u>3,734,494</u>	<u>604,301</u>	<u>559,357</u>	<u>1,306,477</u>	<u>489,801</u>	<u>465,185</u>	<u>309,373</u>

(*) The carrying value includes interest accrued to December 31, 2010.

(**) Contractual cash flows are calculated on the basis of the CPI and exchange rates known as at December 31, 2010.

Separate Financial Data as at December 31, 2010

Supplementary Information (cont.)**(2) Financial instruments (cont.)****F. Liquidity risk (cont.)**

	December 31, 2009							
	Carrying value(*)	Total contractual cash flows (**)	First year	Second year	Third year	Fourth year	Fifth year	Sixth year and thereafter
	NIS thousands							
Non-derivative financial liabilities								
Trade payables	1,107	1,107	1,107	-	-	-	-	-
Other payables and current liabilities	30,762	30,762	30,762	-	-	-	-	-
Debentures	2,629,273	3,141,234	594,034	270,218	531,534	507,223	482,912	755,313
Long-term bank loans	360,187	380,308	7,875	372,433	-	-	-	-
Other long-term liabilities	6,382	6,382	-	-	-	-	-	6,382
Financial liabilities – derivative instruments								
Forward contracts on CPI	1,088	1,088	212	876	-	-	-	-
Exchange rate options	168	168	168	-	-	-	-	-
Options for incremental interest on Class I debentures	3,257	3,257	3,257	-	-	-	-	-
Total	3,032,224	3,564,306	637,415	643,527	531,534	507,223	482,912	761,695

(*) The carrying value includes interest accrued to December 31, 2009.

(**) Contractual cash flows are calculated on the basis of the CPI and exchange rates known as at December 31, 2009.

Separate Financial Data as at December 31, 2010

Supplementary Information (cont.)**(2) Financial instruments (cont.)****G. Indexation and currency risk**

Group's exposure to indexation and currency risk:

						December 31, 2010
Currency/ linkage receivable	Currency/ linkage payable	Maturity date	Par value in millions	Annual interest (%)/stated interest rate	Fair value NIS thousands	
Instruments not used to hedge:						
Sale of call options on foreign currency	NIS	Swiss franc	2-12/2011	CHF1,100	3.57-3.8875	(175,007)
Purchase of put options on foreign currency	NIS	Swiss franc	2-12/2011	CHF1,100	3.216-3.77	55,658
Forward contract on CPI	CPI-linked	Fixed	9/2011-		1.75%-	
	NIS	interest NIS	4/2012	NIS 380	2.95%	6,281
						<u>(113,068)</u>

						December 31, 2009
Currency/ linkage receivable	Currency/ linkage payable	Maturity date	Par value in millions	Annual interest (%)/stated interest rate	Fair value NIS thousands	
Instruments not used to hedge:						
Sale of call options on foreign currency	NIS	Swiss franc	1-2/2010	CHF500	3.665-3.895	(6,832)
Purchase of put options on foreign currency	NIS	Swiss franc	1-2/2010	CHF500	3.65	12,304
Forward contract on CPI	CPI-linked	Fixed interest	9/2010-	NIS500	1.75%-	
	NIS	NIS	4/2012		2.95%	7,532
						<u>13,004</u>

Presented below are data regarding the CPI and significant exchange rates:

	Year ended December 31			December 31	
	2010	2009	2008	2010	2009
	% change			Spot rate	
Swiss franc	3.30	2.89	4.23	3.7882	3.6672
Dollar	(5.99)	(0.71)	(1.14)	3.549	3.775
Euro	(12.93)	2.72	(6.39)	4.7379	5.4417
CPI in points	2.66	3.91	3.80	108.00	105.20

Separate Financial Data as at December 31, 2010

Supplementary Information (cont.)**5. Income tax expenses (savings)****A. Components of income tax expenses (savings)**

	Year ended December 31		
	2010	2009	2008
	NIS thousands		
Current tax expenses			
For current year	8,514	61,123	-
Adjustments for prior years	12,820	-	-
	21,334	61,123	-
Deferred tax expenses (income)			
Creation and reversal of temporary differences	5,432	(67,995)	-
Change in tax rate	2,428	-	-
	7,860	(67,995)	-
	29,194	(6,872)	-

Separate Financial Data as at December 31, 2010

Supplementary Information (cont.)**5. Income tax expenses (savings) (cont.)****B. Income taxes on components of other comprehensive income (comprehensive loss)**

	2010			2009			Year ended December 31 2008		
	Before tax	Tax expense	Net of tax	Before tax	Tax expense (savings)	Net of tax	Before tax	Tax expense (savings)	Net of tax
	NIS thousands			NIS thousands			NIS thousands		
Foreign currency translation differences for foreign operations	(80,257)	-	(80,257)	2,153	-	2,153	(14,959)	-	(14,959)
Foreign currency translation differences for foreign operations recognized in income/loss	4,347	-	4,347	1,078	-	1,078	643	-	643
Net change in fair value of financial assets classified as available for sale	(361,700)	87,960	(273,740)	2,487,367	(572,411)	1,914,956	331,697	(155,121)	176,576
Net change in fair value of financial assets classified as available for sale transferred to statement of income	-	-	-	(1,631,983)	424,316	(1,207,667)	(574,523)	155,121	(419,402)
Impairment loss on financial assets available for sale transferred to statement of income	2,717	-	2,717	-	-	-	-	-	-
Actuarial gains (losses) from defined benefit plan	(295)	-	(295)	533	-	533	(680)	-	(680)
Koor's equity in comprehensive loss of investees	(1,247,996)	-	(1,247,996)	(387,528)	-	(387,528)	(12,574)	-	(12,574)
Total other comprehensive income (comprehensive loss)	(1,683,184)	87,960	(1,595,224)	471,620	(148,095)	323,525	(270,396)	-	(270,396)

Separate Financial Data as at December 31, 2010

Supplementary Information (cont.)**5. Deferred tax assets and liabilities****C. Deferred tax assets and liabilities that were recognized**

Deferred tax assets and liabilities are attributed to the following items:

	<u>Loss carryforwards</u>	<u>Financial instruments</u>	<u>Total</u>
		NIS thousands	
Deferred tax assets (liabilities) as at December 31, 2008	-	-	-
Changes recognized in income/loss	-	67,995	67,995
Changes recognized in equity	-	(148,095)	(148,095)
Deferred tax assets (liabilities) as at December 31, 2009	-	(80,100)	(80,100)
Changes recognized in income/loss	21,747	(29,607)	(7,860)
Changes recognized in equity	-	87,960	87,960
Deferred tax assets (liabilities) as at December 31, 2010	21,747	(21,747)	-

D. Items for which deferred assets were not recognized

Deferred tax assets were not recognized for the following items:

	<u>December 31</u>	
	<u>2010</u>	<u>2009</u>
	NIS thousands	NIS thousands
Temporary differences that may be deducted	3,541,200	1,589,135
Tax losses	678,117	549,501
	4,219,317	2,138,636

According to existing tax laws, there is no time limit on the utilization of tax losses and utilization of temporary differences that may be deducted. Deferred tax assets were not recognized for these items, since it is not expected that there will be taxable income in the future, against which it will be possible to utilize the tax benefits.

E. Regarding additional details on loss carryforwards, see Note 22 to the consolidated financial statements.

Supplementary Information

6. Material undertakings and transactions with investee companies

1. Koor furnished banks with guarantees totaling NIS 219 million (2009 – NIS 32 million) for the loans of a jointly-controlled company and a subsidiary. See Note 26(F) to the consolidated financial statements.
2. Koor is guarantor for loans taken by a wholly-owned subsidiary. See Notes 17(C)(2), 17(C)(3) and 17(C)7 to the consolidated financial statements.
3. In 2009, Koor invested in NIS 2 billion in a wholly-owned subsidiary against an issue of shares.
4. During 2010, investee companies of Koor distributed dividends totaling NIS 23 million (2009 – NIS 318 million) in cash or through the transfer of assets as a liquidating dividend.
5. Regarding the holdings of Koor debentures (Series H) by a wholly-owned subsidiary, see Note 17(C)(1) to the consolidated financial statements.
6. Regarding Koor's investments in 452 Fifth Owners, LLC and in Credit Suisse Emerging Markets Credit Opportunity Fund, L.P., see Note 9(B) and 9(D) to the consolidated financial statements.
7. Regarding management fee agreements with investee companies, see Note 29(C)(4) to the consolidated financial statements.
8. During 2010, for the purpose of making its investments, the Company received NIS 166 million from M.A.G.M. Chemistry Holdings Ltd., a wholly-owned subsidiary, as part of current debt